

SOCIETE D'ARTICLES HYGIENIQUES « SAH »

Financial Reporting

May 21, 2019





SAH Group – At a glance

TND 443m

Revenues in 2018

TND 220m

Of CapEx spent over
2018-19

+34%

Of sales on foreign
markets

Presence in

20

African countries

8

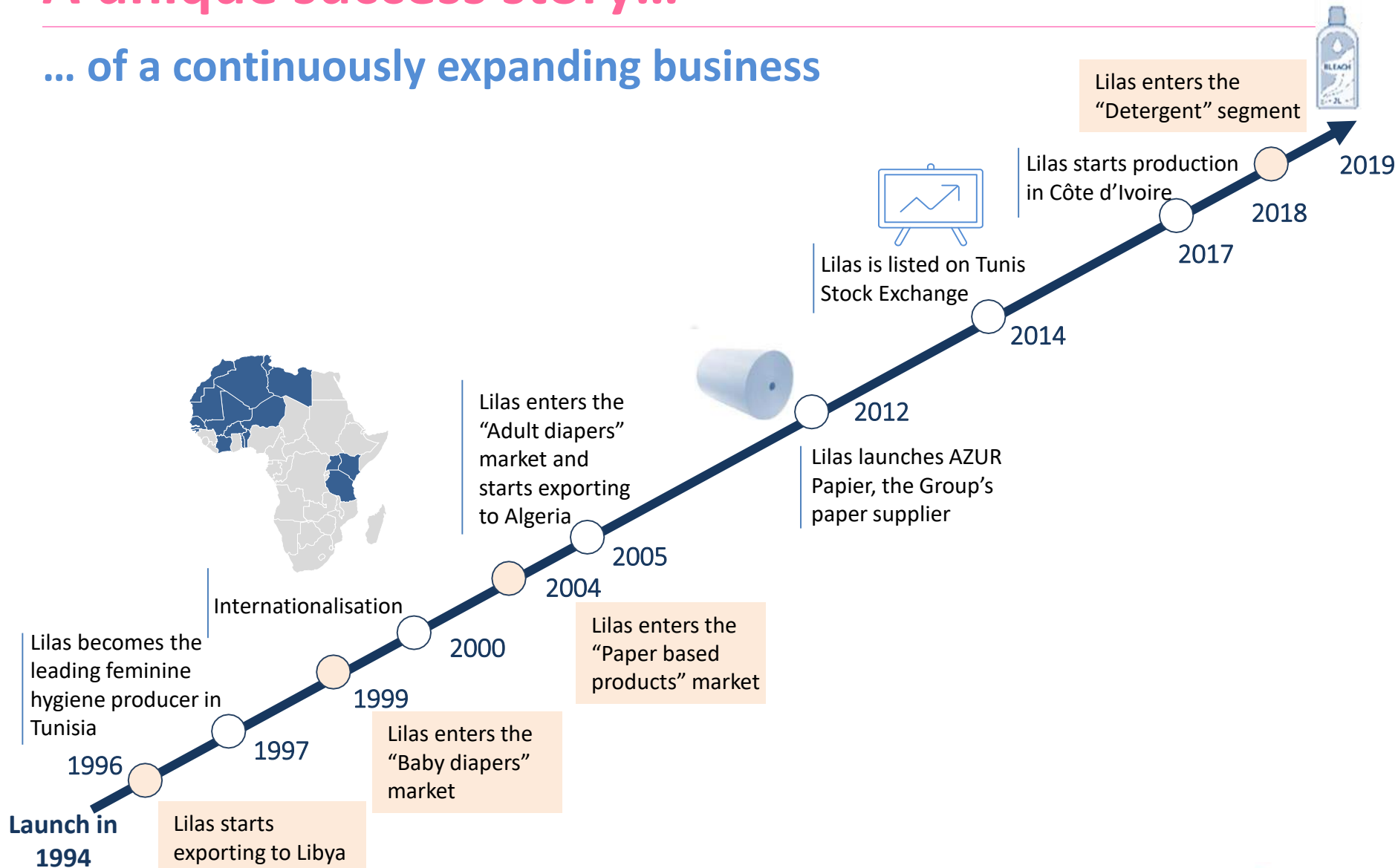
Production facilities

+3 400

Employees

A unique success story...

... of a continuously expanding business



A local leader turning into a regional champion

SAH Group

Unique independent regional player with 4 production sites in Africa

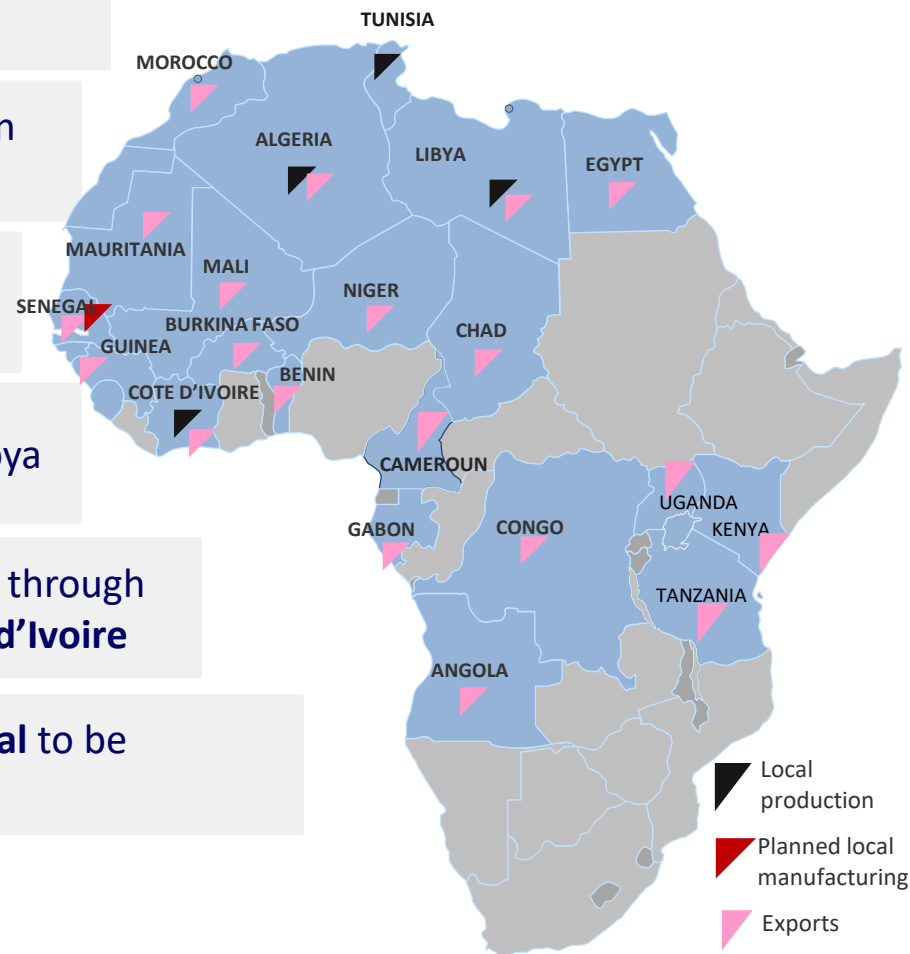
Covers the main markets of Sub-Saharan Africa (West and Centre)

4 established production sites in Africa and a **5th one in progress** (2019)

#1 in Tunisia, Mauritania, Congo and Libya

Serves the UEMOA region (8 countries) through its established local production in **Côte d'Ivoire**

A planned local manufacturing in **Senegal** to be launched in 2019



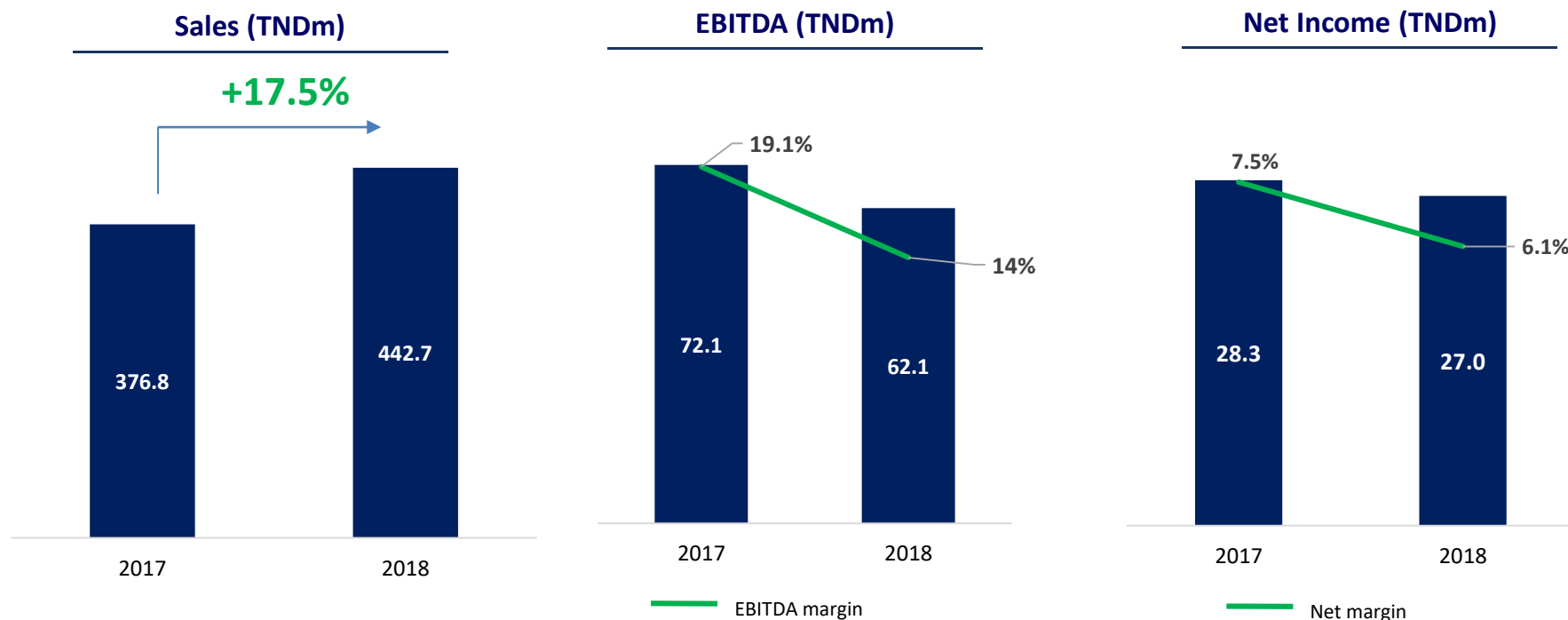
UEMOA: Union Economique et Monétaire Ouest Africaine

Investment rationale

Unrivalled leader in Tunisia benefiting from..

- I. Fast growing market driven by an increasing demand
- II. Solid financial track record and sustainable growth with a revenue CAGR of **16%** (2013-18)
- III. Strong brand awareness in Tunisia, Algeria, Libya, Gabon, Congo and Mauritania
- IV. Unparalleled distribution capabilities with over **40,000** points of distribution
- V. Regional champion serving + **20** countries with **4** production sites in Africa (including Tunisia)
- VI. Best in class manufacturing facilities equipped with high speed lines and up to date technologies
- VII. Vertical integration improving margins and allowing better manufacturing flexibility
- VIII. Management & Governance aligned with international standards

2018: Sustained growth despite a challenging year



FY18 profitability was negatively impacted by:

- The rise in raw materials' prices (+30% for cellulose and +15% for super absorbent)
- The ongoing depreciation of the local currency against the Euro and US dollar (80% of used raw materials are imported, of which 65% are denominated in Euros and the remaining 35% in US dollars)
- The capital expenditures spent as part of the expansion strategy in Sub-Saharan Africa as well as the launch of the detergent business (TND 220m)

*: 2018 financial statements still under audit

5/21/2019

Q1 2019 - Financial reporting

7

Lilas



Q1'19 Performance

Lilas®



Strong organic growth in Group sales: **33%** vs Q1 2018*



Imminent launch of the detergent activity



Growth recovery on the **Libyan (+56%)** and **Algerian** markets (+9%) for both exports and local sales



Effective launch of the new (second) production line of Azur Papier, scheduled for **Q4 2019**



Ramp up of Côte d'Ivoire subsidiary after obtaining key authorizations

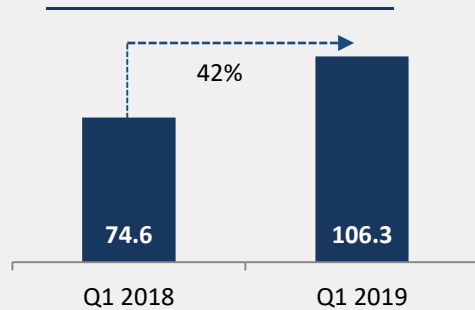


Exports' expansion & Development of new product ranges

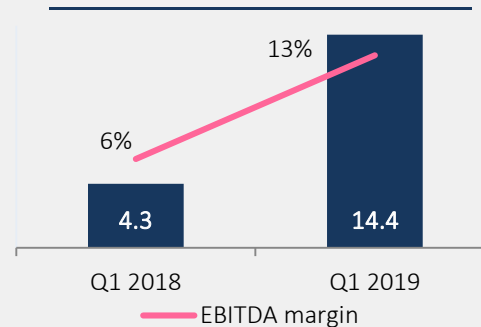
Q1'19 Performance: Focus on SAH Tunisia

Sustainable growth & profitability

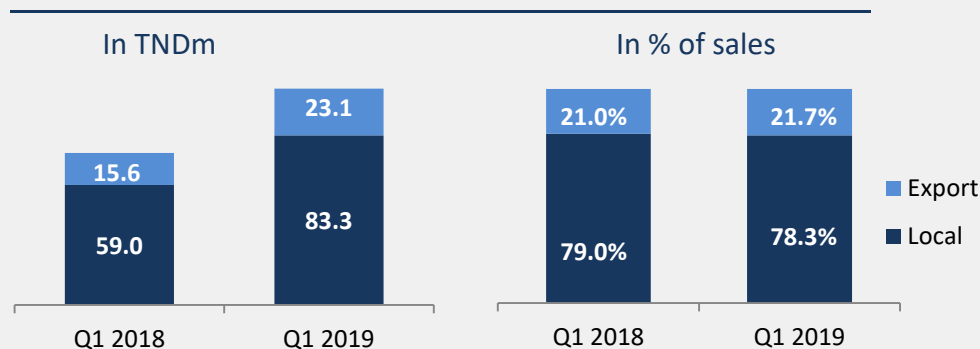
Sales (TNDm)



EBITDA (TNDm)



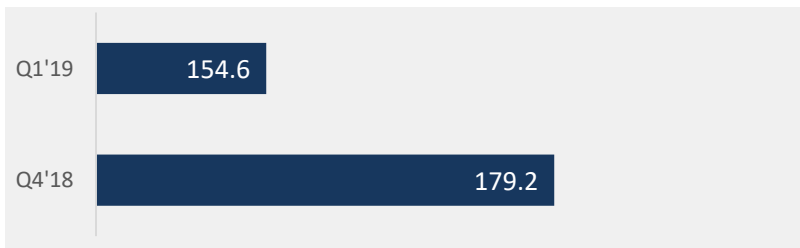
Sales breakdown



EBITDA margin reports a 7% growth thanks to:

- The gross margin improvement
- The optimization of operating expenses

Decrease in indebtedness (TNDm)



Q1'19 Performance: Focus on SAH Tunisia

Operational KPIs

1

Increasing wadding consumption & Full capacity at Azur Papier

Planned **capacity increase (+157%)** for Azur Papier, implying an increase in production for SAH Tunisia

2

Extension of the product range

Launch of the **paper roll range dedicated to professionals**

3

Consolidation of the distribution network

20% increase in the vehicle fleet, directly owned by SAH

4

Extensive marketing efforts for the prospection of new markets

Expansion of exports to Qatar, Lebanon and Kenya

5

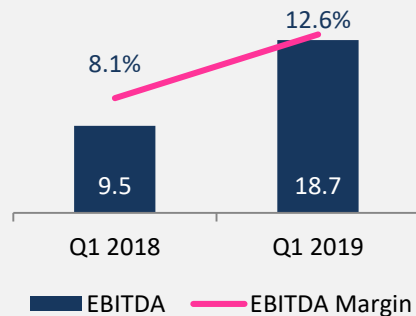
Optimization of production costs and operating expenses

Set up of **LED lighting, sub-meters and energy control systems**

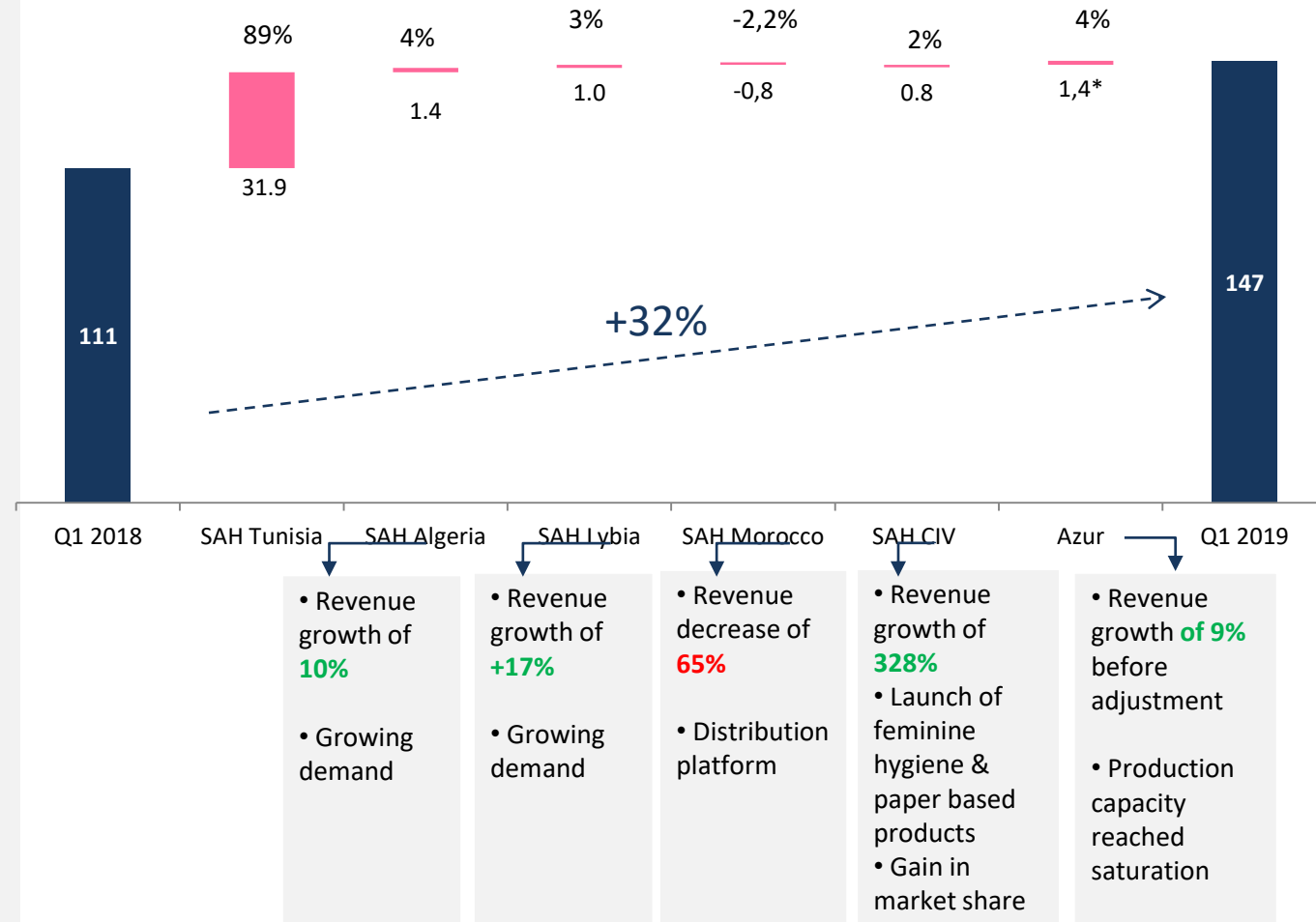
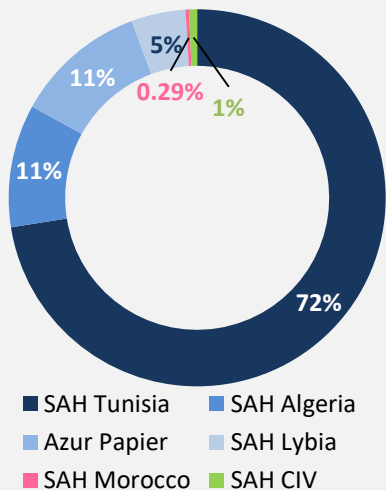
Q1'19 Performance: Focus on SAH Group

Subsidiaries' contribution in revenue **growth** (Vs Q1 2018)

EBITDA (In TNDm)



Subsidiaries' contribution in Q1 2019 sales



* Combined. Before consolidation adjustments.



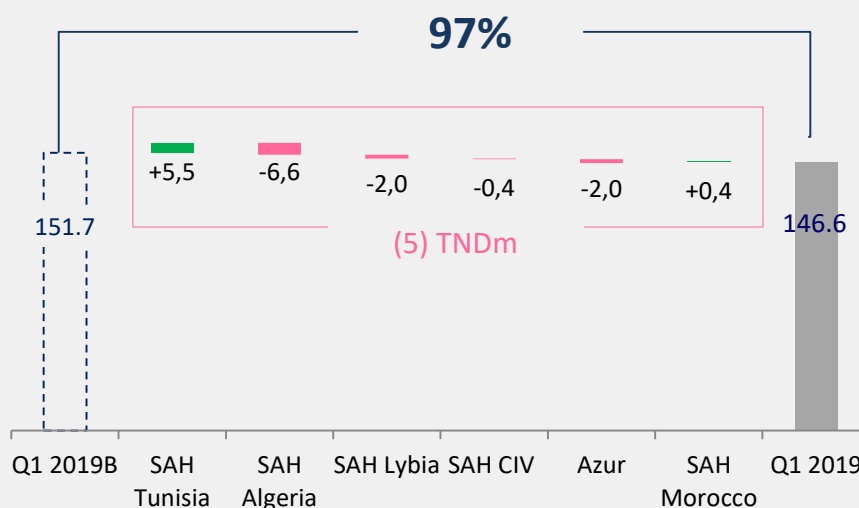
III. Confirmation of Full-Year Targets



Confirmation of Full-Year Targets: Achievement rate

Q1'19 Actuals vs. Q1'19 Budget

Combined
sales
(In TNDm)



Q1'19 Actuals vs FY19 Budget*

26%



FY
2019B

Q1
2019

EBITDA
(In TNDm)

SAH achieved **95%** of
its YTD March'19
EBITDA

SAH achieved **23%** of
its FY19 EBITDA as of
March'19

* Like for like. Excluding Azur Papier second line & Azur Detergent

Confirmation of Full-Year Targets

	Announced launch	Effective launch	Targeted revenue
Azur Detergent	End of 2018	Q2 2019	TND 91.8m → Maintained  Large order book
Azur Papier	July 2019	Q4 2019	TND 90.8m → Revised to TND 70m Considering the YTD progress of civil works
Senegal	Q4 2019	Q3 2019	TND 14.2m → Maintained 

Confirmation of Full-Year Targets

Investments in Progress

Azur Detergent

- **TND 83m** invested in CapEx
- Total capacity of **140k tons/year**
- Full range of products including:



Powder: **50k tons / year**



Liquid: **40k tons / year**



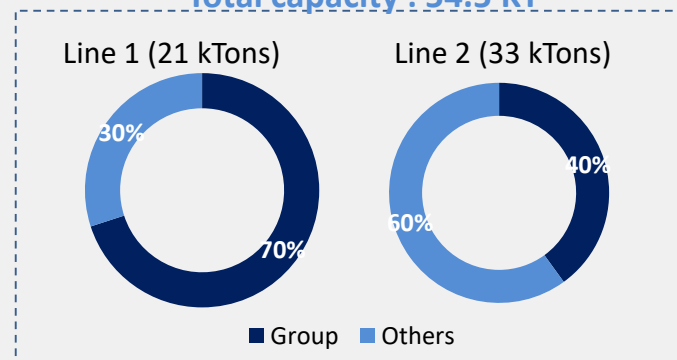
Bleach: **50k tons /year**

- Packaging production unit
- **Project rationale:**
 - ✓ **Leverage** the existing distribution network and storage capacity;
 - ✓ **Leverage the strong brand reputation;**
 - ✓ **Enlarge consumer reach** by entering new markets

Second production line at Azur Papier

- **TND 75m** invested in CapEx
- Additional capacity of **110 tons/day**
- **Project rationale:**
 - ✓ **Increase** the production **capacity**;
 - ✓ **Reduce** production costs and **improve margins**;
 - ✓ Enable further operational **flexibility**;
 - ✓ **Meet SAH's needs** in raw material;
 - ✓ **Increase** exports

Total capacity : 54.5 KT





Outlook & Priorities

Confirmation of 2019 financial & operational targets

Revenue growth: Key value creation

- Explore growth opportunities
- Diversification and new products' launch

Better profitability

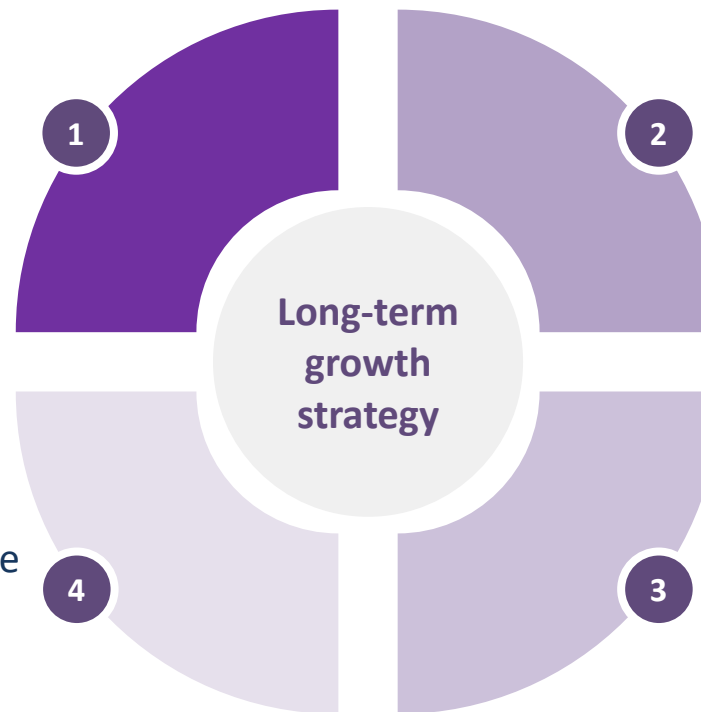
- Margin improvement
- Better management of supply chain, price policy and product mix

International development

- Launch of operations in Senegal by Q3'19
- Launch of exports from Côte d'Ivoire

Sustainable CapEx

- Capacity increase at several levels
- Expansion of the distribution network
- Continuing R&D



Outlook & Priorities



Project is to **increase the share capital** while **maintaining the preferential subscription rights:**

- Amount: TND 50 million
- 12 rights for 1 new share issued
- Issue of 5 026 597 new shares
- Share capital after increase: TND 65 345 762
- Subscription period: 5/16/2019 to 6/28/2019
- Vesting date: January 1st 2019

Use of proceeds: Balance sheet restructuring

- ✓ CapEx funding, namely launch of Azur Detergent and extension of capacity at Azur Papier;
- ✓ Improvement of debt ratios